

GENERAL TERMS AND CONDITIONS
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8.5 Cash-out Provision

It is the responsibility of the Cash-out Party to eliminate any end-of-month imbalance quantities not resolved in accordance with Section 3.3 of Rate Schedule TABS-1, Section 2.3 of Rate Schedule MBA and Sections 8.2, 8.3 and 8.4 herein with a final resolution of such end-of-month imbalances by cash settlement with Pipeline. Pipeline and the Cash-out Party shall settle in cash any net imbalance remaining between actual quantities received, adjusted for Applicable Shrinkage and actual quantities delivered unless otherwise mutually agreed. Prior to or with the monthly transportation invoice, Pipeline will render each Cash-out Party a statement detailing the unresolved imbalance quantity and a bill for the amount due Pipeline or a credit of the amount due Cash-out Party, as determined below. Rendered is defined as postmarked, time-stamped and delivered to the designated site.

(A) Determination of Index Price:

Weekly Spot Index Price(s) shall be established as set forth below:

- (1) Each week a Spot Index Price will be derived for each of the following zones from the following posted spot prices as published in Natural Gas Week's "Gas Price Report" applicable to the following geographical regions:
 - (a) STX Zone: Texas, Gulf Coast, Offshore, Spot Delivered to Pipeline.
 - (b) ETX Zone: An average of Texas, Gulf Coast, Onshore, Spot Delivered to Pipeline and Louisiana, Gulf Coast, Onshore, Spot Delivered to Pipeline.
 - (c) WLA Zone: Louisiana, Gulf Coast, Offshore, Spot Delivered to Pipeline.
 - (d) ELA Zone: Louisiana, Gulf Coast, Onshore, Spot Delivered to Pipeline.

In the event that these prices are no longer available or valid, Pipeline will file to change its tariff and may, at its discretion, select a representative price in the interim period, subject to refund.

(B) Imbalance Due Pipeline:

In the event of an imbalance, when actual deliveries exceed actual receipts, Pipeline will bill the Cash-out Party for such excess delivery or deficiency of receipts.

- (1) Each month a Total Monthly Imbalance Percentage will be calculated by using the lesser of the operational imbalance level, stated as a percentage, or the actual

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imbalance level stated as a percentage. The operational imbalance percentage shall be determined on a month-to-date basis by dividing operational imbalances by the scheduled quantities. The actual imbalance percentage shall be determined by dividing actual imbalances by the scheduled quantities. Operating data and actual data will be accessible via the LINK[®] System or other mutually agreeable form of communication. Imbalances resulting from capacity restrictions caused by Pipeline beyond the period allowed under Section 3 of any of Pipeline's applicable firm rate schedules and force majeure will be Cashed-out at the monthly average spot price. Such imbalance quantities will be excluded from the determination of imbalance percentages and the monthly Cash-out bill determined pursuant to Section 8.5(B) (2).

- (2) If a Cash-out Party's imbalance is less than or equal to 5%, the monthly Cash-out bill will be based on the monthly average Spot Index Price. If a Cash-out Party's imbalance is greater than 5%, the monthly Cash-out bill will be based on the accumulated sum of the results of the formulas listed below such that and until the total monthly imbalance is fully accounted for:

Imbalance Level	Factor	Applicable Spot Index by Zone
0% - <5%	1.00	highest weekly
>5% - <10%	1.10	(highest weekly x quantity >5%) + level above
>10% - <15%	1.20	(highest weekly x quantity >10%) + levels above
>15% - <20%	1.30	(highest weekly x quantity >15%) + levels above
>20% - <25%	1.40	(highest weekly x quantity >20%) + levels above
>25%	1.50	(highest weekly x quantity >25%) + levels above

The amount due Pipeline shall be determined by multiplying the corresponding Imbalance Level Factor for the month by the applicable Spot Index Price for the applicable zone times the actual quantities of excess delivery or deficiency of receipts for the month. For Rate Schedule SCT Customers, such Imbalance Level shall be determined after Pipeline subtracts up to 4,828 Dth, as necessary, from each Rate Schedule SCT Customer's total monthly imbalance. Such amount subtracted up to 4,828 Dth will be Cashed-out at the monthly average. When the Total Monthly Imbalance